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Capital and Labor¹

By CHARLES M. SCHWAB

THERE is a question of great and timely importance, to cover which no one can lay down general rules, and that is this great and important labor question. I am one of the men who believe in the fairness of American labor. I am one of the men who believe that the only foundation upon which any of these things can permanently rest is the economic use of everything, whether it be labor, material, manufacture or what not. Any foundation of organized labor or capital that is on a false basis must fail. We started in some twenty years ago on a series of exploitations that many people called trusts and there were many such concerns organized that had as their prime motive the artificial idea of either restricting production or increasing the selling price. You have seen them, one after the other, fail and fade away. That was on a wrong basis. Our Congress, our legislature in Washington, realized it, and rightly and justly took steps to correct it. What has been true of capital will be equally true of labor, and therefore the education of the American laboring man must be to have him realize that his permanency and success, and the success of the nation, will depend upon labor conditions and capital conditions that are founded on economic principles first of all. I have had my hand in this matter of the organization of capital. I know something about it; I know what I am talking about.

The other night at Bethlehem I told a story about a dream I had had. Now that I look back over those days and the participation I had in them, I shudder a good deal. When the investigations of capital and the organization of great companies were taking place, I commenced to feel a good deal disturbed, and with all the agitation in the press commenced to feel that perhaps I had participated in something that was sinful and dishonest, and all sorts of things. I am a good Catholic. Now there is Father Zahm, the great Catholic priest, who went with Theodore

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Roosevelt up the river of doubt, but who has never left any doubt in my mind as to where he stands. I decided that, being a good Catholic, I would go to confession, and I shrived my soul of all these doings. Father Zahm was in the confessional, Mr. Morgan was on one side of the confessional and I was on the other. Suddenly the Father disappeared and I said to Mr. Morgan "Where has the Father gone?" "Oh," he said, "he has just gone out in the church a moment." I said, "Don't you believe it! He has gone for a cop."

We shrived ourselves of these misdoings. We had learned our faults. We have learned where we were wrong. Up in Washington they stopped us—they did stop us—they do not do it now. They had to get us together to help things out a little. They found in Washington that it was a good thing to have people act in unity when many of these big problems had to be discussed and solved. They found it was a good thing to have the products of this country distributed from a common center for economy's sake and for the good of the nation, and that the mistakes were not all the fault of capital. Much good came from it, but like most of these things they went too far and they had to be corrected.

I am not opposed to organized labor. I believe that labor should organize in individual plants or amongst themselves for the better negotiation of labor and the protection of their own rights; but the organization and control of labor in individual plants and manufacturies, to my mind, ought to be made representative of the people in those plants who know the conditions; that they ought not to be controlled by somebody from Kamchatka who knows nothing about what their conditions are.

But, in the years gone by, I seriously doubt many times if labor has received its fair share of the prosperity of this great country. We, as manufacturers, have got to open our eyes to a wider vision of the present and the future with reference to our workmen. We have got to devise ways and means by which capitol and labor, that have so often been termed synonymous, shall share equally, not in theory, but in practice. We have got to devise ways and means of education. We must not only talk about these things but we must do these things. We have got to realize that many unjust demands will be made by labor as

they probably have been made by capitalists and employers in the past. That is one of the lessons this great war has taught us—true democracy. The thing we have to do is to teach, not patronize, to educate and have the American laborer know and feel that he can stand with his head in the air as you can and as I can, and say with pride, “I am an American citizen.” What does American citizenship mean except that any man to be a true American citizen must be able to hold up his head and feel within his heart that he has done his duty to his nation and to his fellow men. What prouder thing is it for any man to say than, “I am an American citizen.” What greater nation is there on the face of the earth, what nation that God has endowed with more natural resources than this great nation of ours? Above all He has endowed it with a people so filled with energy and patriotic enthusiasm and integrity as to place the American nation for all time to come at the head of all nations of the world.

My work in Philadelphia and in Washington in connection with the fleet has been exceedingly interesting. It is exceedingly interesting now. It is very important now. I telegraphed, however, a few days ago to the President of the United States that, important as this work at Washington was, I felt that having 170,000 employes of my own and a payroll of twenty-five million dollars a month I could be of greater service to this nation and this country by retiring from the work I had in Philadelphia to the study of important questions that would arise in connection with this transition period in the various industries of the United States, and I begged to be relieved from one important duty to take up what I believed to be a more important duty.

That is what I feel is our duty, as manufacturers now, if we want to preserve the situation in America. We have to study it with utmost care. Each manufacturer must study his own case and his own situation from his own standpoint and must know his own conditions. There can be no general rule that will be applicable to all. We ought to urge a continuance of work in every direction. Matters will adjust themselves industrially in this country sooner or later by the natural course of events, but what we want to prevent is that sudden slip of the cog which will give us a social jolt that may be dangerous to our industries for years

to come. We must be patient. We must go along with small or no profits if necessary. We must bend every effort to keep our employes busy, employed and satisfied. They must be made to realize the situation as we see it and be content to help us in that development. We must get closer together with our work people. We must listen with patience to their side of the story, and we must induce them to listen with patience to our side of the story. The day of autocracy in government and labor has gone by. It is the day of democracy in which we now stand shoulder to shoulder for the protection of our mutual interests and above all for the protection and glorification of this great and glorious country of ours.

The message which I have given you is a general one, but if I can get into your hearts and minds the spirit that I have in my own, which I have learned from the lessons of this war, as most of you have learned them equally with me, I shall feel that I have accomplished much. I would emphasize the fact that we must face a new condition of affairs, that we must work out the problems connected with it, that we must expect troublous times and difficulties in the working out of these problems but above all we must plunge ahead with the confident belief that the business, industrial and manufacturing interests of the United States are going onward and upward in spite of any condition that may arise in this great country.

I am an optimist. I am not a pessimist. During my career in business life, during periods of greatest depression, I have never lost confidence in the United States or its manufacturing and industrial position. I remember very well in 1887, when as engineer of the Carnegie Company I was building a rail mill, full of youthful enthusiasm I wrote Mr. Carnegie that this mill would produce a thousand tons of rails a day. He wrote back and said "Young man, I have agreed to the foolish expenditure of the money for that great mill. I will exact only one condition, and that is that you never tell any one that we are foolish enough to believe that this country will ever require a thousand tons of rails a day." 1887 is not so very long ago, and yet this country can very well consume now from 20,000 to 25,000 tons of rails per day.

So it has been true in every branch of industry with which I

have been connected. It has gone on by leaps and bounds. Periods of retraction and recession and depression have come, but the grand curve and the general trend, is always upward and onward. So that those of you who have industrial establishments, and capital invested in the same, may take from me the note of optimism that I have. My only thought and wish is that I had a good deal more to look forward to in the future, not because of the money that it is going to give me—for I do not know whether I have any money these days or not after I have paid my taxes; I am afraid to look. I borrow all the money I can. I was a great buyer of liberty bonds but I have not been able to pay for one of them. I tried to borrow some money from Stotesbury of Philadelphia. I went around to his place and said "I must see how much I can get from you." He said, "You're an old friend and an old customer; you can get all you want from us; we will give you half a million dollars." I said, "No, I have to have a lot more than that. There is Mr. Baker in New York; he promised me more than that, and he don't know me." Mr. Stotesbury replied, "That is the reason he is willing to give it to you."

I read in the paper yesterday morning about a bank president who got nervous seeing me come into his bank because he knew I would borrow all the money I could get from him and that I would put it into smoke stacks and chimneys and boilers and rolling mills, etc. I thought to myself, "That is a pretty harsh criticism." I sincerely felt that when the achievements of my life had been completed and my obituary is being written if I can leave as a monument a long line of smoke stacks and boiler works and rolling mills and industrial establishments, I shall be prouder than of the grandest monument men might erect in my memory.

One morning a superintendent in one of the shipyards on the Pacific Coast discharged a workman. He said, "Mike, we don't want you any more; you are no good." Mike went home, but the next morning he was at work on the same job in the same place and everything seemed just as usual. The superintendent came out and saw him and said, "Why, I thought I discharged you yesterday." Mike said, "You did, but don't you do it again, because my wife gave me hell for it."

We Americans may be great manufacturers and all that, but we have always paid the same tribute of respect to our wives that this great nation has paid to the women of the United States in this great crisis. Why should we not do that? I do not mind being scolded by my wife, for I know she is usually right. Why should we not expect this of American mothers and American wives, the true women of a true nation, the true wife of a true American and the true mother of a true American son?

When this great war is over and peace is signed, and we are back once more to the everyday conditions of life, it is not going to be the men who built the airplanes or the men who built boilers or the men who built engines whose names will go down in the golden pages of history, but it will be the names of the boys in the trenches of Flanders who have offered the supreme sacrifice of their lives for our nation—it will be their names which will ever be remembered on the pages of the history of this great country of ours. While it has been a pleasure to build ships to transport and feed these boys while they have been over there, the pleasure is an hundredfold keener to build ships that will bring home the boys who have brought to us the great victory and standing of this great country of ours.

The two points I want to emphasize are that we must all give our best thought, our best recommendations and our best endeavors. The men in business in the United States are not the men who are working for money alone. The chief pride of American character is successful accomplishment. It may be measured by the dollars that go into his coffer, but the real throb and thrill of pleasure that comes to his mind is one of successful accomplishment. Let us fill our minds and hearts with determination that we American manufacturers and American business men are going to have successful accomplishments, that we are going to have them in an honorable way and that we ask our great representatives in Washington, from the President and the Secretary of Commerce down, to help American business men help sustain the prestige of the American nation and that we pledge ourselves to treat fairly with that great army of workmen who must share with us the prosperity and happiness of this great country of ours.